

S THERE REALLY A NEED FOR CHILD CARE? The facts say: *Yes!* Utah is one of the fastest growing states in the nation. The Utah Division of Business and Economic Development confirms that a higher proportion of Utah mothers are in the workforce than one finds in other parts of the country. These women—whether married or raising children alone—need child care in order to work. It must be high quality care, so parents won't worry about their children during the day. It must be reliable care, so parents can count on getting to work on time, and being productive at their jobs. And it must be affordable child care, so parents don't find it more expensive to work than it would be to stay home.

According to a report by Utah Children, "working parents are often challenged to create the right child care arrangements." The report also cautions: "When parents cannot get their children into licensed care, they resort to informal arrangements which can put children at risk of inadequate supervision."

As an employer, you already know that your employees' child care arrangements can have a direct impact on your bottom line:

- *A production manager calls to report that her child care provider is sick, so she won't be in today, and is not sure about tomorrow. Her department may miss an important deadline.*
- *The accountant seems distracted, has been making many personal telephone calls, and left work 30 minutes early yesterday. When you talk to her, she reveals that she's worried about whether her infant son is getting enough personal attention in his child care program. Until she feels better about his care, she can't concentrate on her work.*
- *You've been awarded a major new account that requires adding an extra shift. The problem is that some of your best workers can't work that shift because child care is not available.*
- *You're excited about finding the right candidate to head your new sales team. But, when you offer her the job, she turns it down. The reason? She can't find child care.*
- *Your company has recently moved to Utah to take advantage of its business-friendly climate. After hiring the workforce you need, you see that absenteeism is high and a number of well-qualified people have left during the first few months of employment. It turns out that many new hires can't find dependable child care that they can afford.*

Which Companies Should Consider an Onsite Child Care Program?

Operating onsite or near-site child care center is not usually a company's first step toward a family friendly work place. Wegman's Supermarkets in Rochester, New York, found its first center to be so successful that they opened another. But like most other employers, Wegman's developed a center after they had surveyed their work force to determine need, and had seen the tremendous workforce impact that child care initiatives can have.

In general, employer-sponsored child care is a good option to consider if your company:

- Already offers other child care supports, such as information services and/or workplace flexibility options;
- Operates at one site or has several sites near each other;
- Is located in an area where quality child care is in high demand;
- Is willing to partly subsidize the operating costs of a center;
- Has found that employees' child care problems have a negative impact on productivity;
- Operates a non-traditional schedule;
- Has at least 500 employees, or is willing to work on a collaborative project with neighboring companies. Smaller employers can develop child care centers, but those centers may require larger contributions to on-going operations to make the center viable.

Employer Sponsored Child Care: A Sound Business Strategy

The number of Utah employers operating onsite or near-site child care is growing. Increasingly, employers are seeing the need to:

- Maintain a competitive edge
- Enhance recruitment efforts
- Increase employee retention
- Improve employee morale
- Offer child care that complements their business objectives

Some employers find that they can't afford not to offer onsite child care to their employees. A Fortune Magazine child care study of dual career couples found supervisors most frequently cited tardiness (83%) absenteeism (78%) scheduling (66%) and poor job performance (62%) as effects of inadequate child care. Certain industries—most notably health care and manufacturing—reported that onsite child care was a key element in their efforts to remain competitive, and recruit qualified employees.

Employers who offer child care can anticipate some or all of the following outcomes:

The decision to develop worksite child care is usually made by employers who cannot afford the impact of an unreliable or nonexistent supply of child care on their workforce. It's a good strategy for companies who want to take control of the issue and see child care as a way to increase recruitment, retention and productivity.

Improved employee attitude & morale

A national study of the workforce reported: "Employed parents who are more satisfied with their child care arrangements are also more satisfied with how they are doing as parents, feel more successful . . . are more satisfied with their lives in general, are less stressed, and are coping better with their lives in general." These high levels of well being are good for employers.

Enhanced recruitment capability

One Utah child care resource and referral agency reports that parents frequently ask for the names of companies that offer child care assistance, because those companies are considered more desirable by jobseekers.

Increased retention & higher rate of return after maternity leave

A Utah employer reports, "A member of our clerical staff just had a baby. It's hard for her to leave that new baby . . . she raised questions about her child care options which we couldn't solve, and she finally left."

Increased productivity

Workers who have the support of their employer in balancing work and family life are motivated to do better on the job. One study found that "workers who are high users of work-and-family benefits submit, on average, *twice as many* suggestions for business improvement as do workers who are low users of these benefits (emphasis added)."

An onsite child care center is sometimes considered the "ultimate" child care support. In many ways it's true. One Utah employer described the dilemma for parents: "It's deeper than cost . . . it's matching what you need with what is actually available."

But . . . Worksite Child Care is Not for Everyone!

Opening a child care center does not solve every work/life problem. It provides a valuable service to employees whose children are enrolled, but provides no assistance at all to those on the waiting list. In addition, unless the cost of care is subsidized, lower wage employees may not be able to afford to use the center and it may cause ill will rather than good will.

Sometimes employer-sponsored child care does not work well for de-centralized companies or companies with multiple business sites, because the location of the center may be inconvenient for employees at other work locations. Similarly, if employees commute long distances to work, or rely on public transportation, they may be reluctant to use onsite child care, preferring instead to use care closer to home. For these reasons, on-site child care is most effective if offered in combination with other work and family benefits such as financial assistance, a family child care network or dependent care resource and referral.

How Much Does it Cost?

An onsite or near-site child care center is generally considered a high-cost, high-return option. Start up costs range from fairly modest investments to as much as a half million dollars, depending on the size of the program, capital costs and the complexity of the process. Operating costs vary widely too, depending on the type of program and the level of employer subsidy. In the first year of operation, very few programs manage to break even. Most centers can expect to have a balanced budget sometime in the second year, assuming there are employer contributions that allow employees of all income levels to use the center.

An employer-sponsored child care center is not a money-making proposition, but it can offer high returns, by enabling employees to work, by increasing employee morale and by enhancing your company's public image.

What About Small Businesses?

Many small to mid-size employers think that sponsoring a child care center is beyond their reach. There are several options that allow small businesses to offer child care to their employees. They can help develop an employer collaborative to build a child care center. See the technical assistance paper on "Creating a Collaborative Work/Life Program" (found on this CD). Another option for a small company is to reserve places in an existing child care program for use by employees.

Implementation Considerations

Developing and managing a child care center requires time and expertise. Usually the services of a child care consultant and/or management company are used to provide technical help with the planning process. In Utah, some child care resource and referral agencies provide start-up consultation and management services. To get the name of the resource and referral service that serves your area, visit jobs.utah.gov.

The planning process for a child care center typically requires from six months to a year based on the renovation or construction timetable for the facility. The process can be divided into three stages: Initial Planning, The Program Development or Start-up Process, and Program Operations.

Initial Planning

I. Needs Assessment:

In most cases, planning begins with collection and analysis of information on employees' child and dependent care needs. There are two primary methods for collecting that data: an employee survey or focus groups. Some companies use both, gathering quantitative data with a survey and collecting qualitative information with the focus groups. The Office of Work & Family Life has a Child and Dependent Care Survey instrument which is available for use by Utah companies. In any case, it is important to accumulate the following:

1. Information on employee respondents by work and residence location, job classification, family income, gender and marital status.
2. Information that helps determine the scope of employees' child care needs by considering:
 - the number of employees with children,
 - the number and ages of children,
 - the current child care arrangements used by employees and the average cost of those arrangements,
 - the number of employees who expect to have a child in the next two years, and
 - the number of women planning to return to work after maternity leave.
3. Information on employees' preferences for a company-sponsored child care center or other child care initiatives, including:
 - the number of parents and parents-to-be likely to use a center, or other form of work-family support,
 - information on the hours and days when care is needed,
 - family income data.

As you consider the range of employee concerns, you may decide to include additional survey questions on work/life balance issues. For example, the survey could include questions to determine employee interest in flexible work arrangements and eldercare issues.

In larger companies, focus groups can be used to supplement the employee child care survey. Small companies may find it faster and more efficient to gather the necessary data using focus groups instead of a survey. The most effective use of a focus group is to document employee concerns, including ascertaining which work/life support initiatives they find most valuable.

At the same time you collect information within the company on the needs and preferences of your employees, it is important to compile data on the child care supply in the area. Work with your local child care resource and referral agency to determine the availability of all types of child care, the cost of care, the ages of children served, and whether or not existing programs are filled to capacity.

II. The Planning Group:

Someone in the company needs to consider the range of options and make decisions about which programs will be most effective. This can be done by one or two key individuals or it can be assigned to a task force or planning group. In developing a planning group, think about the skills and experience necessary for planning and implementation.

Consider including the following types of people in your planning group:

- A decision-maker or someone with direct access to the decision-maker;
- Someone with good financial and budgeting skills who is familiar with company resources;
- A member of the Human Resources department;
- A representative of a business unit feeling the impact of employees' child and dependent care needs;
- Employees with children of different ages;
- Someone familiar with company procurement and purchasing;
- An attorney who can advise the group on legal and organizational matters related to a child care center;
- If the workforce is unionized, a member of the union.

Develop a planning group that meets the requirements and culture of your organization. The preliminary tasks include completing the needs assessment, selecting a site for the center, determining the size of the program and the ages of children to be served, developing preliminary budget projections for start up and ongoing operations, and determining the organizational model for the new program. There are three organizational models most commonly used for worksite centers: 1) Developing a separate non-profit educational corporation to run the program, 2) Operating the program as a division or department of the

company, or 3) Hiring a child care management firm or vendor to operate the program. Each model has advantages and limitations. Ask an attorney familiar with your company to research the organizational models to advise the planning group on the most appropriate choice for your company.

The Start Up Process

Once the initial research and planning has been completed, the implementation phase can begin. At this point, the center begins to take shape, both as a legal entity and as a facility. The legal work is underway, the budget projections are refined and decisions are made about allocation of resources for capital improvements and equipment.

Decisions about the program site and facility design are made early in the start up process. Try to select an architect experienced with child care center design or have your preliminary design reviewed by a child care consultant, or an experienced child care director. Have the final designs reviewed by state and local child care licensing staff. Health and safety are primary concerns, but since the children enrolled in the center will be spending a significant portion of their childhood at the center, be sure that it is homelike rather than institutional. Ask the Office of Work & Family Life to recommend books and articles on child care center design to share with your architect or contractor.

Towards the end of the start up process, recruit and hire the child care director. The director will initiate the licensing process, plan the layout of the children's classrooms and order equipment. When these steps are completed, begin to recruit the child care staff. Try to have them hired and on the job for about two weeks before the center opens, developing policies and procedures that will ensure a successful opening for the program.

Ready for Operation

In most cases, a new child care center opens at 25 to 30% of capacity. Staff the center accordingly and realize that it can take as long as six months or a year before the center reaches full enrollment. Sometimes parents are hesitant about placing their child in a new center until they see it in operation. Others may want to wait until the end of a school year, until the child is out of diapers, or reaches some other milestone. As the center gets ready for operation, the focus of the staff is on hiring, developing the curriculum, recruiting children and welcoming new families as they enroll their children.

Timeline for Child Care Start-up

Task	Month											
	1	2	3	4	5	6	7	8	9	10	11	12

Phase 1: Initial Planning

- Analyze needs data
- Develop child care planning group
- Decide on numbers and ages of children
- Select site for center
- Review preliminary budget projections
- Decide on organizational model: a) Separate corporation, b) Division of company, c) Vendor-operated, d) Other

Phase 2: Start-up

- Complete incorporation, vendor-selection or other organizational planning process
- Develop final budget and fee schedules
- Select architect and complete design, renovation or construction of space
- Initiate regulatory and licensing process
- Hire child care director
- Plan classroom layout and order equipment

Phase 3: Ready for Operation

- Hire teaching and support staff
- Design curriculum, train staff, set up classrooms
- Advertise, recruit and enroll children